

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 58.1-3970.1 of the Code of Virginia, relating to real estate with delinquent*  
 3 *taxes or liens; appointment of special commissioner; increases required value.*

[H 474]

Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 58.1-3970.1 of the Code of Virginia is amended and reenacted as follows:**8 **§ 58.1-3970.1. Appointment of special commissioner to execute title to certain real estate with**  
 9 **delinquent taxes or liens to localities.**10 *A. For purposes of this section, "existing nonprofit entity" and "land bank entity" have the same meaning*  
 11 *as those terms are defined in § 15.2-7500.*

12 *B. 1. Except as provided in subsection B C, in any proceedings under this article for the sale of a parcel or*  
 13 *parcels of real estate that meet all of the following: (i) each parcel has delinquent real estate taxes or the*  
 14 *locality has a lien against the parcel for removal, repair, or securing of a building or structure; removal of*  
 15 *trash, garbage, refuse, or litter; or the cutting of grass, weeds, or other foreign growth; (ii) each parcel has an*  
 16 *assessed value of \$75,000 \$125,000 or less; and (iii) (a) such taxes and liens, together, including penalty and*  
 17 *accumulated interest, exceed 50 percent of the assessed value of the parcel, (b) such taxes alone exceed 25*  
 18 *percent of the assessed value of the parcel, or (c) for parcels containing a structure that is a derelict building,*  
 19 *as that term is defined in § 15.2-907.1, such taxes and liens, together, including penalty and accumulated*  
 20 *interest, exceed 25 percent of the assessed value of the parcel, the locality may petition the circuit court to*  
 21 *appoint a special commissioner to execute the necessary deed or deeds to convey the real estate, in lieu of the*  
 22 *sale at public auction, to the locality, to the locality's land bank entity, or to an existing nonprofit entity*  
 23 *designated by the locality to carry out the functions of a land bank entity pursuant to § 15.2-7512. After*  
 24 *notice as required by this article, service of process, and upon answer filed by the owner or other parties in*  
 25 *interest to the complaint, the court shall allow the parties to present evidence and arguments, ore tenus, prior*  
 26 *to the appointment of the special commissioner. Any surplusage accruing to a locality, land bank entity, or*  
 27 *existing nonprofit entity as a result of the sale of the parcel or parcels after the receipt of the deed shall be*  
 28 *payable to the beneficiaries of any liens against the property and to the former owner or his heirs, devisees,*  
 29 *successors, or assigns in accordance with § 58.1-3967. No deficiency shall be charged against the owner after*  
 30 *conveyance to the locality, land bank entity, or existing nonprofit entity.*

31 *2. A land bank entity or existing nonprofit entity receiving any parcel pursuant to this section shall either*  
 32 *(i) sell the property to a third party in an arms-length transaction or, if the land bank entity or existing*  
 33 *nonprofit entity develops the property before selling it, make such sale within a reasonable period of time*  
 34 *after completing such development or (ii) if the land bank entity or existing nonprofit entity does not intend*  
 35 *to sell the property, pay to the beneficiaries of any liens against the property and to the former owner or his*  
 36 *heirs, devisees, successors, or assigns any amount of surplusage, if any, that would result if the property were*  
 37 *sold and the proceeds distributed in accordance with § 58.1-3967. For purposes of this section, "existing*  
 38 *nonprofit entity" and "land bank entity" have the same meaning as those terms are defined in § 15.2-7500.*

39 ~~B-~~ *C. For a parcel or parcels of real estate in a locality with a score of 100 or higher on the fiscal stress*  
 40 *index, as published by the Department of Housing and Community Development in July 2020, all of the*  
 41 *provisions of subsection A B shall apply except (i) that the:*

42 *1. The percentage of taxes and liens, together, including penalty and accumulated interest, and the*  
 43 *percentage of taxes alone set forth in clauses (iii) (a) and (b) of subdivision A B 1 shall exceed 35 percent and*  
 44 *15 percent, respectively, of the assessed value of the parcel or parcels; or (ii) that the*

45 *2. The percentage of taxes and liens, together, including penalty and accumulated interest, and the*  
 46 *percentage of taxes alone set forth in clauses (iii) (a) and (b) of subdivision A B 1 shall exceed 20 percent and*  
 47 *10 percent, respectively, of the assessed value of the parcel or parcels, and each parcel has an assessed value*  
 48 *of \$150,000 or less, provided that under this clause subdivision the property is not an occupied dwelling, and*  
 49 *the locality enters into an agreement for sale of the parcel to a nonprofit organization to renovate or construct*  
 50 *a single-family dwelling on the parcel for sale to a person or persons to reside in the dwelling whose income*  
 51 *is below the area median income.*

52 ~~C-~~ *D. For sales by a nonprofit organization pursuant to subsection B C, such sales may include either (i)*  
 53 *both:*

54 *1. Both the land and the structural improvements on a property; or (ii) only*

55 *2. Only the structural improvements of a property and not the land the structural improvements are located*  
 56 *on. A sale of only the structural improvements under this subdivision is permissible only if (a) (i) the*

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57 structural improvements are subject to a ground lease with a community land trust, as that term is defined in  
58 § 55.1-1200; ~~(b)~~ (ii) the structural improvements are subject to a ground lease that has a term of at least 90  
59 years; and ~~(c)~~ (iii) the community land trust retains a preemptive option to purchase such structural  
60 improvements at a price determined by a formula that is designed to ensure that the improvements remain  
61 affordable in perpetuity to low-income and moderate-income families earning less than 120 percent of the  
62 area median income, adjusted for family size.